# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:3229
ANSWERED ON:08.12.2000
ARREARS OF WEALTH TAX GIFT TAX
RAMJI MANJHI

**Will the Minister of FINANCE be pleased to state:**

(a) whether the arrears of Wealth Tax and Gift Tax as on March 31, 1999 are alarmingly high as they were 5.2 and 6.7 times of the collections of Wealth Tax and Gift Tax respectively;

(b) if so, the reasons therefor; and

(c) the steps taken to recover the taxes by according priority and fixing responsibilities of officials?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) The arrears of Wealth Tax and Gift Tax are not alarmingly high. Moreover there cannot be any linkage between the outstanding demands and collection during the year. It is because the Gift Tax was abolished w.e.f. 1.10.98 and in respect of Wealth Tax, more and more exemptions are being given under Wealth Tax Act resulting in several classes of assets not being taxable. As a result the collections of Wealth Tax and Gift Tax have been showing a continuous decline over the last five years.

(b) Most of the outstanding arrear demand is not recoverable immediately as it is under litigation. These amounts also include demands not fallen due, demands paid but pending verification and demands stayed by Courts/Settlement Commission/Appellate Tribunals and various Income tax Authorities.

(c) The recovery of outstanding taxes is a continuous process involving attachment of bank accounts, levy of penalty, use of coercive measures such as attachment and sale of movable and immovable properties, arrest of defaulters etc.
High priority is accorded to the area of recovery of taxes. Periodical reviews and monitoring of high demand cases are done by higher authorities on a continuous basis and necessary instructions are issued from time to time for effecting recovery of demand.